



Remarks Prepared For Delivery

The Hon. Jovita Carranza
Administrator (A)
U.S. Small Business Administration

Presented at the

GSA ABOVE AND BEYOND AWARDS CEREMONY

Washington, DC

June 11, 2008
11:00 AM

Thank you, David [Bibb], for that nice introduction. I'm very excited to be here with all of you, because you are the professionals whose hard work creates contracting opportunities for small businesses.

I'd like to say a special word of thanks to GSA's Office of Small Business Utilization for giving me the opportunity to congratulate and thank all of the award winners today. You have truly gone 'above and beyond' in helping Americas entrepreneurs and small business owners compete for federal contracts. This is critically important for them, and also for our economy.

Small business has an enormous impact on our country. They:

- Employ half of the private sector workforce and create more than two-thirds of net new jobs.
- Account for half of nonfarm GDP.
- Are major drivers of innovation.
- Account for about 30 percent of our exports.
- They are the underpinning for transformation in many of the underserved communities in our country.
- And small business ownership is the path to a better life for millions of Americans.

Everyone at SBA is in this line of work to help small businesses, and ensuring that small business compete successfully for federal contracts is

an important way that we do that. We also understand that helping small businesses is critical for our communities, and for our economy.

At SBA, we work to maximize federal contracting opportunities for small businesses. This is good for small businesses, but it's also good for you, and for the taxpayer. Small firms are often great partners for the federal government. They are flexible, they provide good customer service, and they are often cheaper.

But they can be harder to find. And in many cases, small firms are daunted by the process of selling to the federal government. Many small businesses simply take themselves out of the federal contracting game before it even starts.

This is where SBA helps out.

We work with our partners in the federal government to reach the government-wide goal of awarding 23 percent of federal contracts to small businesses.

We do this in a number of ways, and I'd like to highlight just a few examples for you today.

First, we do it through training and outreach events. We put a lot of resources into educating agencies on how to do this.

For instance, we work frequently with GSA. We've provided training to GSA staff on HUBZone, 8(a) Business Development programs as well as on the government contracting side of our programs.

Earlier this year we held a Small Business Acquisition Learning Seminar at GSA where SBA staff provided training directly to federal contract specialists. SBA will work with GSA to provide opportunities to companies as soon as they are certified 8(a), HUBZone, or SDVOB to obtain a schedule contract in an expedited fashion.

I also chair monthly meeting of the Procurement Advisory Council, where the SBA hosts the small business office directors from the other federal agencies. That is going really well and we are making progress on a monthly basis. We recently hosted a discussion on how to reach small businesses on the GSA schedule. Considering the high percentage of GSA schedule holders that are small businesses – and that those businesses secured more than \$9.4 billion in contracting obligation in fiscal 2006 – it's clear how important discussions like this are.

SBA officials participated in GSA's Industry Partnership Day to discuss a major new GSA initiative. SBA is glad to work with GSA to review how

such initiatives might impact small business. SBA is glad to work with GSA to review how such initiatives might impact small business.

Just recently, we signed an agreement with GSA to provide support for the Electronic Subcontracting Reporting System, or ESRS. GSA will continue to house and manage the system, but SBA's Office of Government Contracting and Business Development, along with our information technology staff, will now provide support for the system.

On the matchmaking front, we held cooperative events with GSA – one in San Antonio, which brought together 118 sellers and 92 buyers, and the other in Sacramento. All told, the events were attended by 430 buyers and sellers.

I was in New Orleans last fall to mark the opening of GSA's one-day-a-month small business sub-office, which provides one-on-one training to small businesses on government procurement procedures.

And I was in New Orleans again earlier this year for the 2008 Katrina Economic Development Summit, which is an annual conference that last year resulted in \$400 million in contracts.

Second, in addition to training and matchmaking events we are hosting or participating in with our federal partners, we're also focused on making

changes to our contracting program. An important element of our plan is to improve the quality and integrity of small business data entered into the government's contracting information system.

We worked with Office of Federal Procurement Policy, GSA, and acquisition agencies to address the fact that miscoding and other anomalies were causing contracts to be incorrectly counted toward the federal government's small business procurement goal.

Over 11 million contract actions were reviewed in order to correct miscoded contracts. By scrubbing the data, we removed \$4.6 billion in miscoded contracting actions.

Then, we addressed the issue of businesses that won contracts when they were small, but during the life of the contract, grew beyond small business, or were acquired by larger firms. Last year we published regulations requiring businesses to periodically recertify as small businesses, if they were to be categorized that way. These regulations make it effectively impossible for agencies to claim credit against small business goals for contracts that were originally awarded to small businesses that are no longer held by such firms.

Finally, SBA is currently undergoing a comprehensive Size Standard review where the Agency will review two to three sectors each quarter at

the two-digit level NAICS code. We anticipate the entire review process will take 18 to 24 months. We're doing this in the spirit of openness and cooperation. Last week we held the first of two planned industry days. This was an open forum at SBA for the public to comment. We will welcome input from the public, review those comments and incorporate them during the entire process.

Taken together, these requirements will yield major improvements in the quality of contracting data, including small business information.

The bottom line is that the small business pool is bigger because contracts held by large firms aren't being counted as small, and contracts that are no longer being misidentified as small business contracts if they aren't.

But cleaning up the data and clarifying the size requirements is only half of the battle. At the same time, it's also incumbent on the SBA to provide more support for federal agencies as they work to reach their goals.

Supporting small businesses and agencies is important, but our role is not simply to provide oversight from a distance. Our job is to roll up our sleeves and be an active participant in the process.

In order to better support federal agencies and help you contract with small businesses:

- First, we have retrained our entire field network and national staff of contracting analysts – our PCRs. In providing re-orientation, we will help our PCRs to work more intensely with federal procuring offices in order to help agencies meet their contracting goals, and will also provide other agencies capacity to focus more on reviewing contract bundling.
- A second important development is that we also authorized more PCRs – an increase of up to 66 nationwide for 2008, from 61 in 2007. These extra five representatives will be out there working to get small businesses federal contracts. New PCRs can provide guidance, counseling and training.
- We have improved our turn-around time on 8(a) applications to an average of 77 days.
- We've added a new online assessment tool that helps companies determine if they're eligible for the program before they apply. So far, more than 16,000 clients have completed the online assessment tool, and have been advised on their eligibility and suitability for the program.

We are joining forces with other federal agencies to assist them in reaching each of their small business goals, by expanding our review and appeal of

procurements to help ensure that agencies meet their goals under targeted preference programs.

Up until now, requirement 'coordination' between SBA and procuring agencies was essentially limited to review and appeal of unrestricted requirements for possible small business set aside. Beginning this year, requirement coordination will extend to review and appeal of requirements for set-asides under 8(a), HUBZone, SDVOSB.

We've also requested a change to the Federal Acquisition Regulations (FAR) that will implement a 2005 regulatory change we made addressing an agency's discretion when selecting a small business program for a set-aside contract. The rule addresses "parity" between SBA programs. It will make clear that there is no order of precedence among the 8(a), HUBZone, or Service-Disabled Veteran Small Business Programs. For contracts exceeding \$100,000, the contracting officer must consider making award under the 8(a), HUBZone or SDVOSB Programs before the contracting officer proceeds with a small business set-aside. However, if the contracting officer's set-aside decision is narrowed to either a HUBZone or Small Business set-aside, in accordance with statute, the contracting must do a HUBZone set-aside.

To increase support through improved technology, we implemented an enhancement to the CCR Dynamic Small Business Search called Quick

Market Search. It features a reverse-lookup function that allows all procurement officials to conduct market searches quickly and to find 8(a), HUBZone and other targeted businesses that can perform Federal contracts. It's available through a link from ccr.gov.

In all, these improvements will help federal agencies identify genuine opportunities for small businesses...and it will help the agencies meet their small business goals.

Federal procurement dollars are a vital way of invigorating entrepreneurship, and ensuring that federal agencies make more real contracting opportunities available to small businesses is an essential way the SBA works toward that goal. And this is in the interests not only of small business owners, but it's in our wider economic interests as well.

We have an economy that is adaptable and regenerates, and small businesses keep it this way. I'm very proud of the work that we do at SBA, and we are going to continue to find ways to help our partners in the federal government buy from small businesses.

Again, congratulations to the award winners. And a special thanks to all of you for supporting America's small businesses.

Thank you again for having me.